

SECRET

29 February 1956

MEMORANDUM FOR: Mr. Houston

SUBJECT : Legal Questions Pertaining to Personal
Service Contractors - Project AQUATONE

1. Your memorandum of 9 February 1956 on the above subject has been forwarded to the Project Comptroller. I have written them today on the question of minimizing tax on bonus payments. Regarding the [] death payment to be made by the Agency under these contracts, I have just been informed that this cannot be shifted over to one of the Agency insurance plans with private companies. However, I do not believe that we will run afowl of Section 7 of the Federal Employees' Compensation Act regarding exclusiveness of BEC benefits. That section requires an election of benefits available under federal statutes and I do not believe it would be applicable to this contractual benefit.

No.



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